



**REGULAR MEETING of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)
Monday, February 10, 2020
10:00 a.m.**

Peninsula Clean Energy, 2075 Woodside Road,
Redwood City, CA 94061

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at (650) 260-0111 and/or abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Committee, please fill out a speaker's slip located on the tables as you enter the meeting room. If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Committee members and other staff.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Committee Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker's slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Committee Chair.

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. Chair Report (Discussion)
2. Staff Report (Discussion)
3. Review Fiscal Year 2020-2021 Budget Schedule (Discussion)
4. Review Fiscal Year 2019-2020 Second Quarter Financials (Discussion)
5. Review Reserve Policy Options (Discussion)
6. Committee Members' Reports (Discussion)

CONSENT AGENDA

7. Approval of the Minutes for the December 9, 2019 Meeting (Action)

Public records that relate to any item on the open session agenda for a board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated Peninsula Clean Energy's office, located at 2075 Woodside Road, Redwood City, CA 94061, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site. The website is located at: <http://www.peninsulacleanenergy.com>.

Peninsula Clean Energy
Quarterly Financial Summary
Results for the Fiscal Quarter Ended
December, 2019

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
December, 2019
(\$000s)

<u>Net Position Balance</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	(\$1,044)
June 30, 2017	Audited	\$21,711
June 30, 2018	Audited	\$85,365
June 30, 2019	Audited	\$140,141
December 31, 2019	Unaudited Actual	\$186,772
June 30, 2020	Budget	\$167,992

<u>Cash/Investments Balance</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	\$3,833
June 30, 2017	Audited	\$18,882
June 30, 2018	Audited	\$66,889
June 30, 2019	Audited	\$127,235
December 31, 2019	Unaudited Actual	\$174,040
June 30, 2020	Budget	\$159,103

<u>Change in Net Position</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	(\$1,044)
FY2016-2017	Audited	\$22,755
FY2017-2018	Audited	\$63,655
FY2018-2019	Audited	\$54,774
December 31, 2019	Unaudited YTD Actual	\$46,633
FY2019-2020	Budget	\$33,205

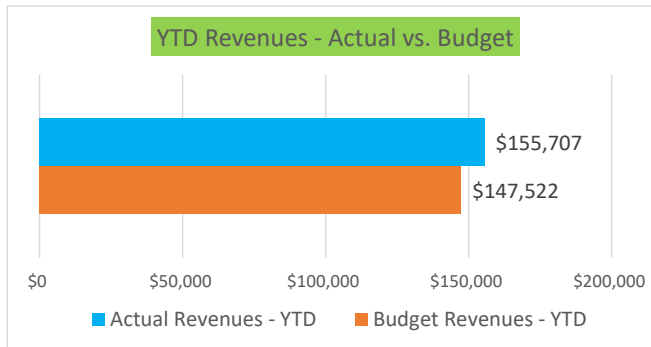
<u>Cost of Electricity</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	\$0
June 30, 2017	Audited	\$64,501
June 30, 2018	Audited	\$170,135
June 30, 2019	Audited	\$194,035
December 31, 2019	Unaudited Actual	\$103,095
June 30, 2020	Budget	\$216,549

<u>Revenues</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$0
FY2016-2017	Audited	\$93,129
FY2017-2018	Audited	\$244,738
FY2018-2019	Audited	\$259,782
December 31, 2019	Unaudited YTD Actual	\$155,707
FY2019-2020	Budget	\$267,782

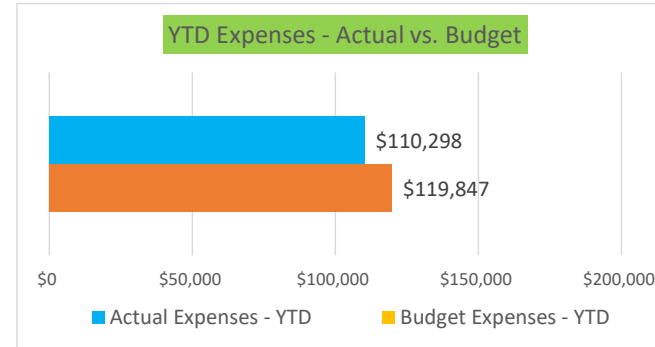
<u>Total Operating Expenses</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$1,041
FY2016-2017	Audited	\$70,104
FY2017-2018	Audited	\$180,970
FY2018-2019	Audited	\$206,894
December 31, 2019	Unaudited YTD Actual	\$110,298
FY2019-2020	Budget	\$236,809

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
December, 2019
(\$000s)

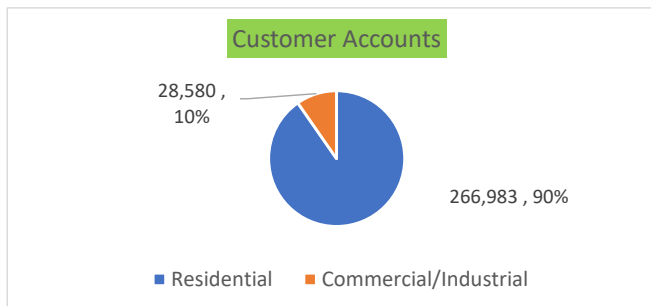
YTD Revenues



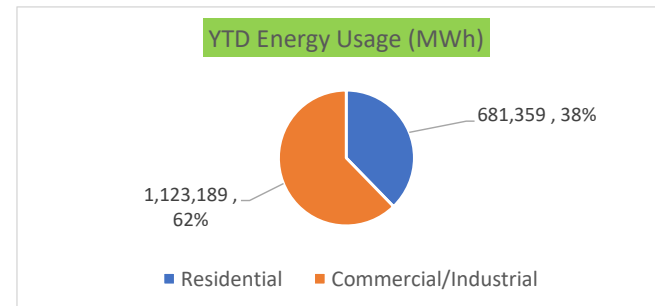
YTD Expenses



Customer Accounts



Energy Used



- **Revenues** were \$5.1MM above budget in Q2 (and \$8.2 million above budget for YTD) mostly as a result of rates that were higher than budgeted. PG&E's final rates, that became effective on July 1, 2019, were not available at the time that the Board approved the FY2019-2020 budget. Revenues are expected to drop in Spring 2020 when a higher PCIA is adopted. Originally targeted to be adopted as of January 1, 2020, the implementation date is now expected between March 1 and May 1, 2020. However, Revenues are expected to remain above budget unless the adopted PCIA fee is more than \$0.005 rate increase assumed in the approved budget.
- **Total Expenses** were \$6.7MM below budget in Q2 (and \$9.5 million below budget for YTD) largely due to very favorable and stable electricity costs that have remained relatively low and stable compared to the prior year and to current year budget while customer energy use is very close to the budgeted level on a YTD basis. Hedging strategies implemented on a quarterly basis have helped to maintain predictable costs.

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
December, 2019
(\$000s)

	Year-to-date				Full Year (FY 2019-2020)		Year-to-date
	Actual	Budget	Variance: Favorable / (Unfavorable)	YTD Actual as % of YTD Budget	Budget	YTD Actual as % of Full Year Budget	Prior Year Actual
OPERATING REVENUES							
Electricity Sales, net	\$ 154,389	\$ 146,250	\$ 8,139	105.6%	\$ 265,222	58.2%	\$ 134,807
Green electricity premium	1,318	1,272	46	103.7%	2,560	51.5%	1,222
Total Operating Revenues	\$155,707	\$147,522	\$8,185	105.5%	\$267,782	58.1%	\$136,029
OPERATING EXPENSES							
Cost of energy	103,095	110,630	7,535	93.2%	216,549	47.6%	87,156
Staff compensation	1,911	2,067	157	92.4%	4,589	41.6%	1,422
Data Manager	1,897	1,911	14	99.3%	3,822	49.6%	1,885
Service Fees - PG&E	626	628	2	99.7%	1,256	49.8%	619
Consultants/Professional Svcs	249	508	259	49.0%	896	27.8%	312
Legal	576	736	160	78.3%	1,472	39.1%	602
Communications/Noticing	581	877	296	66.2%	1,755	33.1%	393
General and Administrative	660	638	(22)	103.5%	1,277	51.7%	518
Community Energy Programs	658	1,803	1,145	36.5%	5,094	12.9%	228
Depreciation	45	49	4	91.7%	98	45.9%	36
Total Operating Expenses	110,298	119,847	9,549	92.0%	236,809	46.6%	93,172
Operating Income (Loss)	\$45,410	\$27,675	\$17,735	164.1%	\$30,973	146.6%	\$42,857
Total Nonoperating Inc/(Exp)	1,223	1,116	107	109.6%	2,232	54.8%	667
CHANGE IN NET POSITION	\$46,633	\$28,791	\$17,842		\$33,205	140.4%	\$43,524



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (PCE), a California Joint Powers Authority, which comprise the statement of net position as of December 31, 2019, and the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. PCE's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to PCE because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
January 23, 2020

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of December 31, 2019

ASSETS

Cash and cash equivalents	\$ 133,429,885
Accounts receivable, net of allowance	20,318,224
Investments	28,958,533
Other receivables	622,996
Accrued revenue	14,062,468
Prepaid expenses	2,108,807
Restricted cash	13,038,299
Total current assets	<u>212,539,212</u>
Noncurrent assets	
Capital assets, net of depreciation	327,077
Deposits	134,840
Total noncurrent assets	<u>461,917</u>
Total assets	<u>213,001,129</u>

LIABILITIES

Current liabilities	
Accounts payable	869,508
Accrued cost of electricity	19,459,032
Accrued payroll	261,672
Other accrued liabilities	80,637
Supplier deposits - energy suppliers	3,040,047
User taxes and energy surcharges due to other governments	886,295
Total current liabilities	<u>24,597,191</u>
Noncurrent liabilities	
Supplier deposits - energy suppliers	<u>1,632,050</u>
Total liabilities	<u>26,229,241</u>

NET POSITION

Investment in capital assets	327,077
Restricted for security collateral	13,038,299
Unrestricted	<u>173,406,512</u>
Total net position	<u>\$ 186,771,888</u>

PENINSULA CLEAN ENERGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2019 through December 31, 2019**

OPERATING REVENUES

Electricity sales, net	\$	154,389,183
Green electricity premium		1,318,215
Total operating revenues		<u>155,707,398</u>

OPERATING EXPENSES

Cost of electricity		103,095,122
Contract services		4,345,884
Staff compensation and benefits		1,910,666
General and administration		900,971
Depreciation		45,121
Total operating expenses		<u>110,297,764</u>
Operating income (loss)		<u>45,409,634</u>

NONOPERATING REVENUES (EXPENSES)

Miscellaneous income		2,142
Interest and investment income		1,266,984
Finance costs		(46,000)
Total nonoperating revenues (expenses)		<u>1,223,126</u>

CHANGE IN NET POSITION

Net position at beginning of period		<u>140,139,128</u>
Net position at end of period	\$	<u>186,771,888</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS

July 1, 2019 through December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 164,086,172
Receipts from supplier security deposits	75,583
Payments to suppliers for electricity	(107,391,903)
Payments to suppliers for other goods and services	(5,485,948)
Payments for staff compensation and benefits	(1,864,758)
Payments of taxes and surcharges to other governments	(2,509,607)
Net cash provided (used) by operating activities	<u>46,909,539</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Deposits and collateral received	276,085
Finance costs payments	(46,000)
Net cash provided (used) by non-capital financing activities	<u>230,085</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(77,779)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment sales	135,555,908
Investment income received	1,387,299
Purchase of investments	(99,576,311)
Net cash provided (used) by investing activities	<u>37,366,896</u>

Net change in cash and cash equivalents	84,428,741
Cash and cash equivalents at beginning of period	62,039,443
Cash and cash equivalents at end of period	<u>\$ 146,468,184</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 133,429,885
Restricted cash	13,038,299
Cash and cash equivalents	<u>\$ 146,468,184</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)

July 1, 2019 through December 31, 2019

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$	45,409,634
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense		45,121
Revenue adjusted for uncollectible accounts		421,548
Nonoperating miscellaneous income		2,142
(Increase) decrease in:		
Accounts receivable		3,322,101
Other receivables		(255,581)
Accrued revenue		2,098,953
Prepaid expenses		2,200,811
Increase (decrease) in:		
Accounts payable		(137,877)
Accrued payroll and related		43,246
Accrued cost of electricity		(4,969,922)
Accrued liabilities		(89,701)
User taxes and energy surcharges due to other governments		24,422
Increase (decrease) in supplier security deposits		(1,205,358)
Net cash provided (used) by operating activities	\$	<u>46,909,539</u>



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Brokerage Account Statement

December 1, 2019 - December 31, 2019
 Account Number: A9G-165194

PENINSULA CLEAN ENERGY AUTHORITY
 2075 WOODSIDE RD
 REDWOOD CITY CA 94061-3338

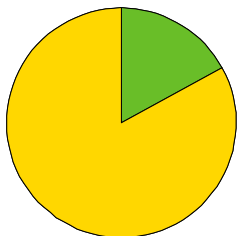
Your Investment Specialist:
 KEVIN DOUGLAS

Portfolio at a Glance

	This Period
BEGINNING ACCOUNT VALUE	\$148,525,127.56
Withdrawals (Cash & Securities)	-5,000,000.00
Dividends, Interest and Other Income	335,031.09
Fees	-10.00
Net Change in Portfolio¹	-175,359.80
ENDING ACCOUNT VALUE	\$143,684,788.85
Accrued Interest	\$227,973.12
Account Value with Accrued Interest	\$143,912,761.97
Estimated Annual Income	\$908,331.58

¹ Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.

Asset Summary



Percent	Asset Type	Last Period	This Period
17%	Cash, Money Funds, and Bank Deposits	29,289,374.31	24,909,433.20
83%	Fixed Income	119,235,753.25	118,775,355.65
100%	Account Total (Pie Chart)	\$148,525,127.56	\$143,684,788.85

Please review your allocation periodically with your Investment Specialist.





December 1, 2019 - December 31, 2019
 PENINSULA CLEAN ENERGY AUTHORITY

Portfolio Holdings

Opening Date	Quantity	Account Number	Activity Ending	Opening Balance	Closing Balance	Accrued Income	Income This Year	30-Day Yield	Current Yield
CASH, MONEY FUNDS AND BANK DEPOSITS 17.00% of Portfolio									
Cash Balance				26,827,206.17	0.00				
Money Market									
DREYFUS GOVT SEC CASH MGT PART									
11/30/19	24,909,433.200	N/A	12/31/19	2,462,168.14	24,909,433.20	0.00	120,545.33	1.06%	1.05%
Total Money Market				\$2,462,168.14	\$24,909,433.20	\$0.00	\$120,545.33		
TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS				\$29,289,374.31	\$24,909,433.20	\$0.00	\$120,545.33		

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME 83.00% of Portfolio (In Maturity Date Sequence)									
U.S. Treasury Securities									
¹UNITED STATES TREAS BILLS 0.000% 01/30/20 B/E DTD 01/31/19 Security Identifier: 912796RY7									
11/08/19*	28,745,000.000	99.6690	28,649,743.96	99.8870	28,712,518.31	62,774.35	0.00		
			Original Cost Basis: \$28,649,743.96						
11/25/19*	2,550,000.000	99.7220	2,542,904.98	99.8870	2,547,118.34	4,213.36	0.00		
			Original Cost Basis: \$2,542,904.98						
Total Noncovered	31,295,000.000		31,192,648.94		31,259,636.65	66,987.71	0.00		
Total	31,295,000.000		\$31,192,648.94		\$31,259,636.65	\$66,987.71	\$0.00		
UNITED STATES TREAS BILLS 0.000% 02/13/20 B/E DTD 08/15/19 Security Identifier: 912796TF6									
12/13/19*	32,375,000.000	99.7510	32,294,403.41	99.8270	32,318,991.25	24,587.84	0.00		
			Original Cost Basis: \$32,294,403.41						
UNITED STATES TREAS BILLS 0.000% 02/27/20 B/E DTD 02/28/19 Security Identifier: 912796SD2									
INTEREST PAYABLE AT MATURITY									
12/02/19*	26,300,000.000	99.6300	26,202,585.59	99.7650	26,238,195.00	35,609.41	0.00		
			Original Cost Basis: \$26,202,585.59						
Total U.S. Treasury Securities			\$89,689,637.94		\$89,816,822.90	\$127,184.96	\$0.00		

Corporate Bonds									
¹NATIONAL AUSTRALIA BK LTD NY ISIN#US63254AAT51 2.250% Security Identifier: 63254AAT5									
01/10/20 B/E DTD 01/10/17 FOREIGN SECURITY 1ST CPN DTE 07/10/17									
CPN PMT SEMI ANNUAL ON JAN 10 AND JUL 10 Moody Rating Aa3 S & P Rating AA-									
08/20/19	2,850,000.000	100.0060	2,850,181.23	100.0040	2,850,114.00	-67.23	30,459.38	64,125.00	2.24%
			Original Cost Basis: \$2,852,479.50						



Portfolio Holdings (continued)

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME (continued)									
Corporate Bonds (continued)									
WESTPAC BKG CORP SR NT 2.150% 03/06/20 B/E DTD 03/06/17			Security Identifier: 961214DJ9						
30/360 FOREIGN SECURITY 1ST CPN DTE 09/06/17 CPN PMT SEMI ANNUAL ON MAR 06 AND SEP 06 Moody Rating Aa3 S & P Rating AA-									
08/30/19	3,100,000.000	100.0340	3,101,060.20	100.0260	3,100,806.00	-254.20	21,290.97	66,650.00	2.14%
			Original Cost Basis: \$3,102,914.00						
WELLS FARGO BK N A SAN FRANCISCO CALIF MEDIUM TERM SR BK NT BK NTS FLTG RT NOTE 2.300% 03/25/20 B/E DTD 09/25/18			Security Identifier: 94988J5S2						
CALLABLE 02/21/20 @ 100.000 1ST CPN DTE 12/26/18 CPN PMT QRTLY MAR,JUN,SEPT,DEC 26 Moody Rating Aa2 S & P Rating A+									
07/23/19	3,000,000.000	100.0680	3,002,041.13	100.0180	3,000,540.00	-1,501.13	1,212.50	69,000.00	2.29%
			Original Cost Basis: \$3,005,880.00						
QUALCOMM INC FXD RT NT 2.250% 05/20/20 B/E DTD 05/20/15			Security Identifier: 747525AD5						
30/360 1ST CPN DTE 11/20/15 CPN PMT SEMI ANNUAL ON MAY 20 AND NOV 20 Moody Rating A2 S & P Rating A-									
09/06/19	2,115,000.000	100.1030	2,117,186.12	100.1100	2,117,326.50	140.38	5,419.69	47,587.50	2.24%
			Original Cost Basis: \$2,118,891.60						
WALMART INC FXD RT SR NT 2.850% 06/23/20 B/E DTD 06/27/18			Security Identifier: 931142EG4						
30/360 1ST CPN DTE 12/23/18 CPN PMT SEMI ANNUAL ON JUN 23 AND DEC 23 Moody Rating Aa2 S & P Rating AA									
10/21/19	3,100,000.000	100.5350	3,116,575.58	100.5060	3,115,686.00	-889.58	1,963.33	88,350.00	2.83%
			Original Cost Basis: \$3,122,958.60						
BANK OF MONTREAL ISIN#US06367T7H77 3.100% 07/13/20 B/E DTD 07/13/18 30/360 FOREIGN SECURITY 1ST CPN DTE 01/13/19 CPN PMT SEMI ANNUAL ON JAN 13 AND JUL 13 Moody Rating Aa2 S & P Rating A+			Security Identifier: 06367T7H7						
10/11/19	3,000,000.000	100.6660	3,019,987.98	100.6930	3,020,790.00	802.02	43,400.00	93,000.00	3.07%
			Original Cost Basis: \$3,027,600.00						
AMERICAN HONDA FIN CORP MED TERM NTS FLTG RATE NOTE SER A 2.235% 07/20/20 B/E DTD 07/20/17 1ST CPN DTE 10/20/17 CPN PMT QRTLY JAN,APR,JUL,OCT 20 Moody Rating A2 S & P Rating A			Security Identifier: 02665WBS9						
11/26/19	2,425,000.000	100.1470	2,428,569.20	100.1130	2,427,740.25	-828.95	10,839.75	54,198.75	2.23%
			Original Cost Basis: \$2,429,146.75						
UBS AG STAMFORD BRH MEDIUM TERM SR DEP NTS FXD RT NOTE SER 2010-08 4.875% 08/04/20 B/E DTD 08/04/10 1ST CPN DTE 02/04/11 CPN PMT SEMI ANNUAL ON FEB 04 AND AUG 04 Moody Rating Aa3 S & P Rating A+			Security Identifier: 90261XGD8						
10/24/19	2,000,000.000	101.7540	2,035,088.19	101.7000	2,034,000.00	-1,088.19	39,812.50	97,500.00	4.79%
			Original Cost Basis: \$2,045,180.00						



December 1, 2019 - December 31, 2019
 PENINSULA CLEAN ENERGY AUTHORITY

Portfolio Holdings (continued)

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME (continued)									
Corporate Bonds (continued)									
HSBC USA INC NEW FXD RT SR NT 2.750% 08/07/20 B/E DTD			Security Identifier: 40428HPV8						
08/07/15 30/360 FOREIGN SECURITY 1ST CPN DTE 02/07/16 CPN									
PMT SEMI ANNUAL ON FEB 07 AND AUG 07 Moody Rating A2 S & P									
Rating A									
12/02/19	3,000,000.000	100.4950	3,014,851.87	100.4310	3,012,930.00	-1,921.87	33,000.00	82,500.00	2.73%
			Original Cost Basis: \$3,016,620.00						
LLOYDS BANK PLC GTD SR NT ISIN#US53944VAK52 2.700%			Security Identifier: 53944VAK5						
08/17/20 B/E DTD 08/17/15 30/360 FOREIGN SECURITY 1ST CPN DTE									
02/17/16 CPN PMT SEMI ANNUAL ON FEB 17 AND AUG 17 Moody									
Rating Aa3 S & P Rating A+									
12/17/19	2,000,000.000	100.4850	2,009,693.04	100.4400	2,008,800.00	-893.04	20,100.00	54,000.00	2.68%
			Original Cost Basis: \$2,010,160.00						
TORONTO DOMINION BK SR MEDIUM TERM NT ISIN#US89114QC716			Security Identifier: 89114QC71						
3.150% 09/17/20 B/E DTD 09/17/18 30/360 FOREIGN SECURITY 1ST									
CPN DTE 03/17/19 CPN PMT SEMI ANNUAL ON MAR 17 AND SEP 17									
Moody Rating Aa1 S & P Rating AA-									
12/13/19	2,250,000.000	100.9020	2,270,287.99	100.8800	2,269,800.00	-487.99	20,475.00	70,875.00	3.12%
			Original Cost Basis: \$2,271,307.50						
Total Corporate Bonds			\$28,965,522.53		\$28,958,532.75	-\$6,989.78	\$227,973.12	\$787,786.25	
TOTAL FIXED INCOME			\$118,655,160.47		\$118,775,355.65	\$120,195.18	\$227,973.12	\$787,786.25	
Total Portfolio Holdings			Current Cost Basis		Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	
			\$143,564,593.67		\$143,684,788.85	\$120,195.18	\$227,973.12	\$908,331.58	

* Noncovered under the cost basis rules as defined below.

Generally, securities acquired before 2011, in retirement accounts or held by Non-U.S. entities are not subject to the cost basis reporting rules set forth in the Internal Revenue Code of 1986, as amended by the Emergency Economic Stabilization Act of 2008, and are marked as "noncovered". Securities marked as "covered", were identified as securities potentially subject to the cost basis reporting rules and may be reported to the IRS on form 1099-B for the applicable tax year in which the securities are disposed.

Note: In the event where we cannot easily determine the taxability of an account, we may mark the account as noncovered. However, if the account does not receive a 1099B, the cost basis will not be reported to the IRS.

Cost Basis on fixed income securities may be adjusted for amortization, accretion, original issue discount adjustments, or principal paydowns. The calculation is based upon the taxpayer election, type of fixed income security, and certain attributes, obtained from sources believed to be reliable. In the event, one or more of these attributes is changed, there may





**REGULAR MEETING of the Audit and Finance Committee
of the Peninsula Clean Energy Authority (PCEA)
Monday, December 9, 2019
MINUTES**

2075 Woodside Road, Redwood City, CA
10:00 a.m.

CALL TO ORDER

Meeting was called to order at 10:14 a.m.

ROLL CALL

Present: Carole Groom, County of San Mateo
Donna Colson, City of Burlingame, *Chair*
Carlos Romero, City of East Palo Alto
Jeff Aalfs, Town of Portola Valley
Pradeep Gupta, Director Emeritus
John Keener, Director Emeritus

Absent: Laurence May, Town of Hillsborough

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Jennifer Stalzer Kraske, Deputy County Counsel
Hailey Wu, Senior Financial Analyst
Anne Bartoletti, Board Clerk

A quorum was established.

PUBLIC COMMENT

No public comment.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Romero / Colson

Motion passed unanimously 4-0 (Absent: May)

REGULAR AGENDA

1. CHAIR REPORT

No report.

2. STAFF REPORT

Jan Pepper—CEO—introduced Sapna Dixit, Strategic Accounts Manager, who joined PCE last week.

3. APPROVE AUDIT AND FINANCE COMMITTEE MEETING SCHEDULE FOR 2020

Motion Made / Seconded: Aalfs / Romero

Motion passed unanimously 4-0 (Absent: May)

4. REVIEW SAMPLE FINANCIAL REPORTING OPTIONS

Andy Stern—CFO—reviewed several sample financial reporting options. Committee members discussed Year to Date (YTD), quarterly, and monthly reports outlining revenue versus expenses, actual versus budget, and variances. The Committee reached a consensus to include more detail in quarterly reports.

5. REVIEW RESERVE POLICY AND OPTIONS

Andy Stern reviewed PCE's current Reserve Policy, Policy Number 18, which states that PCE will maintain an Operating / Working Capital Reserve equal to 120 days of operating expenses, including power supply expenses. He outlined issues with the current policy, and Committee members discussed market volatility in rates and energy costs, cash reserve options, and the defining characteristics of restricted funds versus unrestricted cash.

Andy reviewed proposed changes to the Reserve Policy allowing PCE to maintain two reserves:
A) Operating / Working Capital Reserve equal to 135 days of unrestricted cash on hand, and
B) Rate Stabilization Reserve equal to a minimum of 45 days.

6. REVIEW RUBRIC FOR SECOND INVESTMENT MANAGER SELECTION RFP

Andy Stern reviewed evaluation criteria for an RFP (Request for Proposal) for a second Investment Manager.

7. EXPLANATION OF REVENUES BY PERIOD

Andy Stern reviewed trends in revenues and load over the last 15 months, outlining differences relating to seasonality and customer type (commercial versus residential).

8. COMMITTEE MEMBERS' REPORTS

None.

ADJOURNMENT

Meeting was adjourned at 11:21 a.m.